STRATEGIC HIGHWAY INFRASTRUCTURE PROGRAM

Highway Construction Component

ANNUAL REPORT 2003/04

(FISCAL YEAR ENDED MARCH 31, 2004)

BRITISH COLUMBIA
Ministry of Transportation

Canada
Transport Canada

An annual progress report is required under section 3.7 of the Strategic Highway Infrastructure Program Contribution Agreement. This report is used to provide the Management Committee with information regarding the status of projects and to formally track progress to date under the agreement. The report will also likely be translated and posted on Transport Canada's web site for public use.

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105-07022/

GENERAL OVERVIEW OF RESULTS

General Overview of Results: A general overview of the results accomplished under the Agreement during the fiscal year, including but not limited to a description of the work completed, financial results, environmental issues, any concerns affecting progress of the Program, and any other issues that may affect completing the Program as per this Agreement.

As of the end of the fiscal year 2003/04 (ending March 31, 2004) the status of the 12 SHIP projects, Environmental Assessment and Audits were as follows[1]:

- Highway 1: Yoho (Five Mile Bridge) – The approval of the environmental review (CEAA) was given by Transport Canada on July 19, 2002. Project completion now scheduled September 2006, but all works will be tendered within term of agreement. A total of $17,251,807 has been expended (claimed) against four contracts, as of the end of the 2003/04 fiscal year. Claims for the 2003/04 fiscal year entailed $10,530,744.

- Highway 1: Victoria Road – The approval of the environmental review (CEAA) was given by Transport Canada on July 8, 2002. Completed July 21, 2003 with a Schedule G submission on April 28, 2004. A total of $4,363,946 has been expended (claimed) against two contracts, as of the end of the 2003/04 fiscal year. Claims for the 2003/04 fiscal year entailed $2,909,126.

- Highway 1: Woods Overhead – The approval of the environmental review (CEAA) was given by Transport Canada on November 29, 2002. Construction in progress with substantial completion September 2004. A total of $5,658,401 has been expended (claimed) against five contracts, as of the end of the 2003/04 fiscal year. Claims for the 2003/04 fiscal year entailed $5,479,433.

- Highway 1: Vedder Interchange Reconstruction Project – The approval of the environmental review (CEAA) was given by Transport Canada on May 5, 2002. This $12.4 Million project is a three way partnership between Transport Canada, the Province and the City of Chilliwack. The project is being constructed through a design-build arrangement, in which the province and the federal government will reimburse the City of Chilliwack for eligible costs. As in other SHIP projects, the province will be seeking recoveries from Transport Canada, upon paying for eligible costs. A total of $4,999,996 has been expended (claimed) as of the end of the 2003/04 fiscal year.

- Highway 1: Broderick to Ford (four-laning and construction of a grade separated intersection) – The approval of the environmental review (CEAA) was given by Transport Canada on May 12, 2003. The Management Committee (Transport Canada and BC Ministry of Transportation officials) approved scope enhancements which include concrete median barriers, north and south frontage roads, and change of access for safety reasons. A total of $3,623,004 has been expended (claimed) against three contracts, as of the end of the 2003/04 fiscal year.

- Highway 1: 30th Street to Highway 97B – The approval of the environmental review (CEAA) was given by Transport Canada in April 2004 after the end of the 2003/04 fiscal year. It is anticipated that with detail design approximately 90% complete as of the end of 2003/04 fiscal year that a tender will be issued June 2004 with construction completion June 2005. There have been no claims (eligible expenditures) in either fiscal year 2002/03 and 2003/04 as the project was only formally accepted by the Federal Minister of Transportation (The Honourable Tony Valeri) in March 2004.

1 It should be noted that the costs and expenditures referenced in this document relate to eligible and sharable costs between Transport Canada and the Province, unless otherwise noted. For instance, the total cost of the Five Mile (Yoho) Bridge project is estimated at $60.490 Million but only $46 Million is eligible for cost-sharing.

- Highway 1: Annis Road to Highway 9 – The approval of the environmental review (CEAA) was given by Transport Canada on January 22, 2004. The tender for this project was issued and awarded in March 2004, and thus there were no costs claimed in the 2003/04 fiscal year.

- Highway 3/95: Moyie Bluffs (realignment and climbing lanes) – The approval of the environmental review (CEAA) was given by Transport Canada on July 19, 2002. Project completed July 30, 2003 with a Schedule G submission on March 11, 2004. A total of $7,183,900 has been expenced (claimed) against five contracts, as of the end of the 2003/04 fiscal year. Claims for the 2003/04 fiscal year entailed $3,993,673.

- Highway 97: South Peace (realignment) – The approval of the environmental review (CEAA) was given by Transport Canada on November 12, 2002. The project is completed with minor work remaining n 2004/05. A total of $11,244,128 has been expended (claimed) against six contracts as of the end of the 2003/04 fiscal year. Claims for the 2003/04 fiscal year entailed $11,231,777.

- Highway 97: Cottonwood Bridge – The approval of the environmental review (CEAA) was given by Transport Canada on November 29, 2002. Construction is in progress. A total of $3,144,371 has been expended (claimed) against three contracts, as of the end of the 2003/04 fiscal year. Claims for the 2003/04 fiscal year entailed $2,543,597.

- Highway 16: Blackwater/Shanley (Passing lane) – The approval of the environmental review (CEAA) was given by Transport Canada on July 26, 2002. The project was completed in the previous fiscal year 2002/03. A close-out report and the required Schedule G (affidavit by registered Professional Engineer) was forwarded to Transport Canada as required under the contribution agreement. A total of $1,221,220 has been expended (claimed) against two contracts, as of the end of the 2003/04 fiscal year. However, since the project was completed in the previous fiscal year wth no additional work required in the 2003/04 fiscal year, there were no claims in the 2003/04 fiscal year.

- Highway 5: Preacher Hill Curves (realignment) – The approval of the environmental review (CEAA) was given by Transport Canada on April 16, 2003. Project was tendered in January 2004. A total of $166,447 has been expended (claimed) against two contracts, as of the end of the 2003/04 fiscal year. There were no claims in the previous fiscal year 2002/03.

- Environmental Assessment – There were no such costs claimed in the 2003/04 fiscal year.

Overall, as of the end of the fiscal year 2003/04, 35 contracts had been established on HIGHWAY CONTRIBUTION MANAGEMENT SYSTEM (HCoMS) for a total cost of $ 80,767,393 out of a total HCOMS-active sharable cost (across 12 projects, audits and environmental assessments) of $120,406,128 (67.08% of HCOMS-active sharable cost).[2] A total of $59,489,758 has been expended against these 35 contracts (73.66% of the existing value of the 35 contracts), with $46,065,349 expended (claimed) in the 2003/04 fiscal year.

2 The total SHIP sharable costs for the entire program is $122.4 Million of which $80.7 Million has already been activated in HCOMS across 12 projects, audits and environmental assessments, through contract authorizations and subsequently claims.

DATE, LOCATION AND AGENDA ITEMS OF OFFICIAL MANAGEMENT COMMITTEE MEETINGS.

Minutes of Meeting
Thursday, October 23, 2003 (3:30 PM – 4:15 PM EST)
Canada-British Columbia
SHIP Management Committee Meeting
Highway Construction Component

In Attendance:
Province of British Columbia [illegible]

Transport Canada [illegible]

1. It was agreed that Avi Ickovich would record the minutes of the meeting.
2. Minutes of last Management Committee Meeting were approved by both parties.
3. SHIP projects
   a. Status update on approved projects and proposed additional projects (see attachment). Transport Canada (TC) reiterated the requirement for a Schedule G submission (Affidavit signed by a professional engineer attesting to construction practices and quality assurance) for the three projects that are completing in fiscal 2003/04. The affidavit for Hwy 16: Blackwater/Shanley, completed in fiscal 2002/03, was previously submitted..

   ACTION: MoT will ensure that a Schedule G is submitted for projects completing in fiscal 2003/04.

   b. Highway 1: Broderick Creek to Ford Road change request

   ACTION: Transport Canada will review business case and the CEAA assessment and confirm approval.

   c. Highway 1: 30th Street to Highway 97B project approval

   ACTION: Transport Canada will review business case and pursue Ministerial approval.

   d. Highway 97: Cottonwood River Bridge Silt issue

   ACTION: Discussion and response deferred until receipt of findings and recommendations from Department of Fisheries and Oceans investigation.

   e. Highway 97: 4 Mile curves business case submission

   ACTION: MoT will submit a Business Case for the proposed Highway 97: 4 Mile Curves project. Target date is November 15, 2003.

   f. New proposed projects for unallocated funds. The consensus was that the change request for Hwy 1: Broderick to Ford, inclusion of Hwy 1: 30th Street to Hwy 97B and the inclusion of Hwy 97: 4-Mile Curves project would consume the remainder of unallocated funding. No additional projects would be proposed subject to the ongoing review of Schedule B.

5. Annual Audit

   a. Last Year. There was one small ineligible cost (under $10,000) that has since been reversed through HCOMS by MoT and TC staff in the most recent claim

   b. Audit plan for this fiscal year. It was agreed that the fiscal audit would focus on financial costs and eligible project costs. Transport Canada indicated that their audit group is insisting on an external auditor and have not accepted the Office of the Auditor General of British Columbia as "external."

   ACTION: MoT (David Marr) will forward an email outlining rationale (cost, proposal process, OAG tends to undertake more scrutiny than private sector accounting firms) for use of the Office of the Auditor General of British Columbia and Transport Canada will pursue acceptance.

6. Revised Schedule B

   ACTION: MoT will submit a proposed revised Schedule B by November 15, 2003 to reflect updated project financial information and confirm that sufficient unallocated funding remains within the program to support inclusion of Highway 97: 4 Mile Curves project.

7. Potential Planning and Evaluation Studies – MoT indicated a preference for funds in excess of that required for program post-implementation reviews to be allocated to design work on Highway 1 through the Kicking Horse Canyon; Golden to Five Mile and 10-Mile to Yoho National Park section. There was also discussion regarding the need for a separate item for audits in Schedule B.

   ACTION: MoT will submit to TC a proposal for planning and engineering activity on Highway 1 though the Kicking Horse Canyon.

   ACTION: MoT and TC will revise "Schedule B" to move auditing out of "Planning and Evaluation" into a separate account/ line item.

8. Data and Annual Report – TC indicated that they are satisfied with the Data and 2002/03 Annual Report submitted by MoT.

9. Other Items – There was some discussion on the paucity of claims recently in HCOMS. MoT indicated that this was probably due to Project Managers focusing on construction activities during the short construction season and the delay in processing the first claim.

   ACTION: MoT to follow-up on the status of claims and advise Transport Canada accordingly

Minutes of Meeting
Thursday, March 25, 2004 (1:30 PM – 3:00 PM EST)
Canada-British Columbia
SHIP Management Committee Meeting
Highway Construction Component

In Attendance:

Province of British Columbia	Svein Haugen (A/BC Co-Chair) Kathie Miller Avi Ickovich Lyna Chang
Transport Canada	Jim Lothrop (Acting Federal Co-Chair) Kim Aziz Mimi Sukhdeo

1. Update

   Action Item: Avi Ickovich will follow up with Project Manager regarding on the landslide for Cottonwood and forward the report to Transport Canada.

2. Highway 1: 30th Street to Highway 97B – Approval of cost increase. Kim will be receiving the information on the cost increase and the technical drawings they had requested (indicating where the service road is and how it ties into the new intersection). This increase has already been incorporated into the Schedule B spreadsheet that Avi Ickovich supplied to Transport Canada. The project will be entered on the next revision of schedule B. This project has not yet been announced but we would like to announce it before the Federal election is called. Transport Canada approval for this project will be done by the exchange of email.

3. Transport Canada approves of the cash flow adjustments for Chilliwack. It's ahead of schedule—from $2.2 Million to $2.5 Million in 03/04 and from $1.933 Million to $1.633 Million in 04/05. This change will be reflected in the next revision to Schedule B (Revision 11).

4. There needs to be a decision on what to do with the planning and evaluation money (approximately $1.2 M). It has been suggested in the past that this money could be used for the conceptual design of the Kicking Horse Canyon Corridor. Planning and evaluation money in 2003/2004 will need to be moved to next year on the next revision of Schedule B. Unallocated planning and evaluation money can be used for construction in the last year of the program.

5. Transport Canada has signed and returned the Terms of Reference for the Annual Audit sent by the BC Auditor General's office. Transport Canada felt that the Annual Report and Audit from last year was excellent and could be used as the format and template for this year.

6. Transport Canada has set aside funding for BIF 2003 expenditures even though the Agreement is not yet signed however payments cannot be made without a signed agreement.

SCHEDULE "B" REVISIONS

Please refer to Table 1 outlining the evolution of Schedule B during the first fiscal year. Table 2 (Statement of Changes) calculates the cash flow and budget changes across the revisions (versions).

Revision 8. July 30, 2003 – This revision entailed a decrease in the shareable costs for the South Peace Hill realignment project and an increase in shareable costs for the Cottonwood Bridge project. There were some other cash flow adjustments to the Highway 1: Five Mile (Yoho) Bridge project, the Highway 1: Chilliwack-Vedder Interchange project, the Highway 3/95 Moyie Bluffs project, the Highway 97: South Peace Hill project, and the Cottonwood River Bridge project. This revision was created primarily to update and/or reconcile the Schedule B to reflect actual expenditures as of the end of the 2002/03 fiscal year and also the PAYE (accruals) from Transport Canada. The most significant change was the decrease in shareable costs for the South Peace Hill project and the corresponding increase in the "Unallocated Funds". The most significant cash flow adjustment is reflected in the acceleration of the Chilliwack-Vedder Interchange project. The project is being constructed through a design-build arrangement, in which the province and the federal government will reimburse the City of Chilliwack for eligible costs. As in other SHIP projects, the province will be seeking recoveries from Transport Canada, upon paying for eligible costs. Initially, the City of Chilliwack was to defer payment under the design-build arrangement, however, as funds became available payment was accelerated by the City and thus correspondingly by the Province and ultimately by Transport Canada.

Revision 9. November 27, 2003 – This revision entailed the following changes:

- Five Mile (Yoho) Bridge – A minor increase in shareable costs and also changes to cash flow;
- Victoria Road – A decrease in shareable costs upon completion of the project;
- Woods Overhead – A decrease in shareable costs;
- Chilliwack-Vedder Interchange – A cash flow adjustment
- Annis Road to Highway 9 Realignment – A reduction in total and shareable costs and also readjustment of cash flow to reflect that the project will not begin significant construction until the 2004/05 fiscal year;
- Highway 3/95 (Moyie Bluffs) – Reflects a cost increase in its year of completion 2003/04;
- South Peace Hill Realignment – Reflects an increase in total costs but a decrease in shareable costs;
- Cottonwood Bridge – Reflects a decrease in total and shareable costs;
- A corresponding increase in "Unallocated Funds";

Revision 10. March 11, 2004 – This revision entailed the following changes

- Victoria Road – A decrease in shareable costs;
- Woods Overhead – This revision entailed both an increase in costs and schedule slippage;

- Broderick Creek to Ford Road – This revision reflects the approval by Transport Canada of enhancements to the original project which includes a installation of a concrete median barrier, north and south frontage roads, and a replacement of access to a safer location;
- Annis Road to Highway 9 – This revision reflects an increase in total and shareable costs as the tender was awarded towards the end of the fiscal year;
- South Peace Hill – A reduction in shareable costs as the project nears completion with some minor works remaining in the 2004/05 fiscal year;
- Cottonwood Bridge – An increase in shareable costs;
- A corresponding decrease in "Unallocated Funds".

Revision 11. March 31, 2004 – This revision entailed the following changes:

- Cash flow adjustments to Five Mile (Yoho) Bridge project;
- Cash flow adjustments to Woods Overhead project;
- A decrease in shareable costs in the Chilliwack Vedder Interchange project to reflect the fact that the project is ahead of schedule and below budget.
- The addition of the Highway 1: 30th Street to Highway 97B project in Salmon Arm; and,
- A corresponding decrease in "Unallocated Funds".
- The change in the Planning and Evaluation allocation is to reflect that auditing costs will be claimed against this category of expenditures in HCOMS. A forthcoming revision to the Schedule B will correct (adjust) for an existing anomaly[3] in this category by increasing funding by $12,666 and correspondingly decreasing the "Unallocated Funds".

Revision 12. April 13, 2004 – This revision entailed the following changes:

- An cash flow adjustment for the Five Mile (Yoho) bridge project to reflect more substantial expenditures in the 2004/05 fiscal year;
- A cash flow adjustment for the Broderick Creek to Ford Road project to reflect a shift of expenditures to the 2004/05 fiscal year;
- A minor cash flow adjustment for the Cottonwood River Bridge project to reflect a shift of expenditures to the 2004/05 fiscal year;
- The changes in this revision are mainly to transfer project costs to the following fiscal year at the end of the 2003/04 fiscal year.

Revision 13. June 24, 2004 – This revision entailed a small adjustment to the Cottonwood River Bridge project to allow for accruals (PAYE) to be claimed in the 2003/04 fiscal year.

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3 Under the Contribution Agreement, one percent of the total sharable cost ($122.4 Million) or $1,224,000 is to be allocated for Planning and Evaluation purposes. It was decided in a previous Management Committee meeting that "Auditing", an eligible expense, would come out of this account. However, given that auditing for fiscal year takes place in the next fiscal year, the $12,666 auditing cost (in the Schedule B) was not updated at the same time as the year-end costs for the actual projects, and thus this category is understated by this amount. More specifically, the auditing costs are attached to the 2003/04 fiscal year.

PROJECT UPDATES

- A map of all current SHIP projects as of March 31, 2004, is included for reference purposes. The map includes not only projects under the Highway Construction Component but also projects under the Border Crossing Component of SHIP. As can be seen, there is a very equitable distribution of investment across the province on the national highways.

- Information on contracts started/completed and estimated completion of contracts is addressed more extensively in a subsequent section of the report "A YEAR END SUMMARY TABLE OF EXPENDITURES UNDER THE AGREEMENT". However, it is important to mention that there are no major anomalies from forecasts earlier in the fiscal year 03/04.

- Major milestones (e.g. opening of a section of a project, etc.); the most significant milestone for the 2003/04 fiscal year is the completion of the Moyie Bluffs project and the Victoria Road project. With regard to the Moyie Bluffs project, a "Project in Service Certificate" (close-out report) dated January 2004 was sent to Transport Canada followed up by Schedule G- Affidavit (affidavit by registered Professional Engineer) on March 11, 2004 as required under the provincial-federal contribution agreement. With regard to the Victoria Road Project, a "Project in Service Certificate" (close-out report) dated July 2003 was sent to Transport Canada followed up by Schedule G- Affidavit (affidavit by registered Professional Engineer) on April 28, 2004 as required under the provincial-federal contribution agreement.

- The following pages of the report entail a series of photographs for the current SHIP projects and are meant to provide not only a portrayal of the actual project, but also a broader geographic topographical, and geologic context, and as such some pictures are overviews.

Highway 1: Yoho Bridge and Approaches (Five Mile Hill)

Project Overview

The following work was completed in the six months preceding the end of the 2003/04 fiscal year:

- Large retaining wall was 70 % complete;
- Eastbound bridge 75% completed with temporary connections to Highway at east end and traffic diverted on to it in November;
- Old Yoho bridge removal work substantially completed in February and March 2004;
- Piers and girders have been installed on westbound bridge. The deck will be installed in April and May, 2004;
- Work on grading of approaches has begun;
- CEAA submission for Contract 3 work was underway; and,
- 100% design review for Contract 3 (construction of 2 kms of 4 laning east of Yoho bridge: Rafters Pullout) is underway. Tender for contract 3 awarded in July 2004.

Highway 1: Victoria Road and Highway 23N (Before)

(Victoria Road Intersection from Bridge)

Project 21562 –Victoria Road & Hwy23N. Completed and In-service July 2003. The Schedule "G" (Affidavit of Completion) has been signed off and sent to Transport Canada as per the Canada/ BC Contribution Agreement.

Highway 1: Woods Overhead

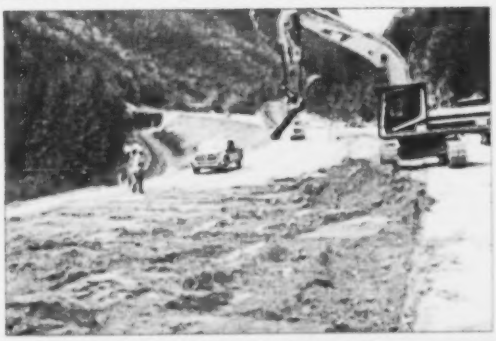
In the 6 months preceding the end of the fiscal year, the following was completed:

- Substructure;
- Girder erection was completed in October 2003;
- Reinforcing steel for the deck for Span 1 and Span 3 has been installed;
- Formwork for the deck for span 1 and 3 was approximately 75% complete and deck pours for these spans took place in November;
- Constructions of two walls were completed in November 2003;
- Bridge end fills are complete; and
- The surcharge is substantially complete.

In the following six months, it is anticipated that the following will occur:

- Complete reinforcing steel on structure,
- Deck pours,
- Remove surcharge and complete grade work,
- Complete paving,
- Demolition of existing structure, and
- Complete environmental remediation.

The project will be complete and put in service by early September 2004.



Highway 1: Vedder Interchange Reconstruction: Before pictures

The pictures below are of the project as of the beginning of March 2004, as the project is nearing completion and paving is being conducted.

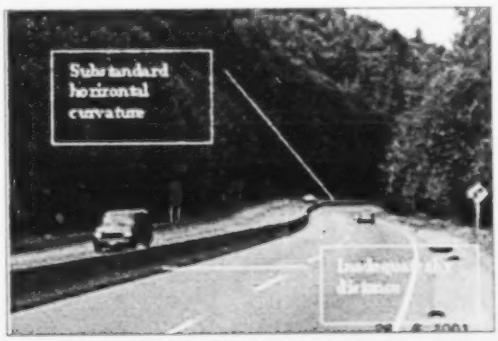
The following aerial view photograph provides the geographic and topographic context to the project. Furthermore, the photograph also provides an indication that traffic volumes are high even during the off-peak hours.

As of June 9, 2004 the project is in service, with only minor works required to complete. A Schedule G and a Close-out report will be completed by September 2004.

Highway 1: Annis Road to Highway 9 (Chilliwack)

The scope of the project is to realign and widening (on both sides), 3.38 km of the Trans-Canada Highway between Annis Road and Highway 9 interchange, east of Chilliwack, to improve curve radii, median width and shoulder width. The project entails reclamation of existing pavement and new pavement with wider median and paved shoulders. The project will be completed by March 2005 (end of the next fiscal year).

The photographs on the right illustrate the nature of the existing problems.



The tender for this project was issued and awarded in March 2004 to GCL Contracting and Engineering for a cost of 6,045,000.

The following are recent photos as of April 28/04 related to the following construction activities:

- GCL started Clearing and Grubbing March 31, 2004
- Stripping started the week of April 19
- EB traffic was shifted over April 23 and WB was shifted April 27

Type D removal

Stripping removal

Westbound on TCH looking west – Stripping ongoing

Westbound on TCH looking west – Stripping done

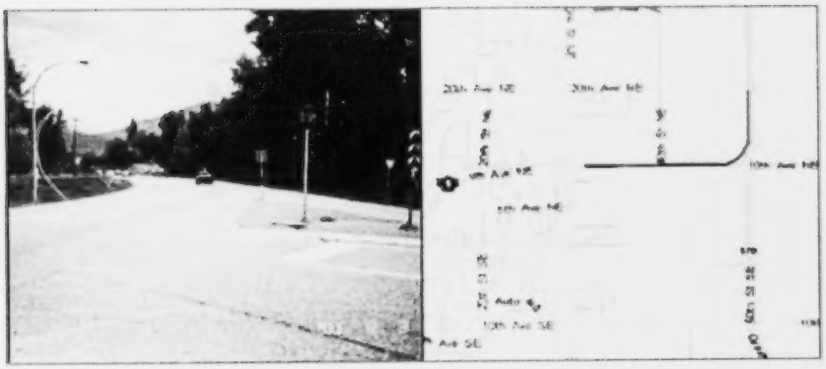
Cleared

Loading out brush

Highway 1: 30th Street to Highway 97B (Salmon Arm)

The following activities will occur in the six months following the of the 2003/04 fiscal year:

- CEAA approval was obtained on April 5, 2004
- Tender: June 2004
- Construction Start: June 2004
- Substantial Completion June 2005 (In Service Certificate and "Schedule G")



Scope: Four laning and upgrading from 30th Street to junction at Highway 1 and Highway 97B

Cost: $9.600M

Highway 3/95: Moyie Bluffs pictures

The pictures below are chronologically organized. The August 2, 2001 photograph reflects not only the improvements to Sections C and D but also highlight the Sections A and B which were completed in July 2001 without SHIP funding. It is important to view the improvements as a series of components in which each section contributes to the optimal effectiveness of the system.

Since September 30, 2003, and to the end of the 2003/04 fiscal year, the following has occurred;

- All construction activities on the major works contract awarded to Dawson Construction were completed July 31, 2003;
- Negotiations on outstanding issues and claims were negotiated over the fall, and a Supplemental Agreement signed January, 2004;
- Ministry still waiting for Dawson Construction to acquire acceptable surety agreed to with MOT for roadbase substitution;
- Ministry still waiting for Dawson Construction to provide acceptable remedial plan for warranty defect detected on lock block walls;
- Environmental compensation work for Cotton Creek awarded to McKay Contracting by minor works contract completed September 26, 2003; and,
- Culvert installation at 18 Mile Pit awarded to Emil Anderson Construction by local minor works and services contract completed October 31, 2003.

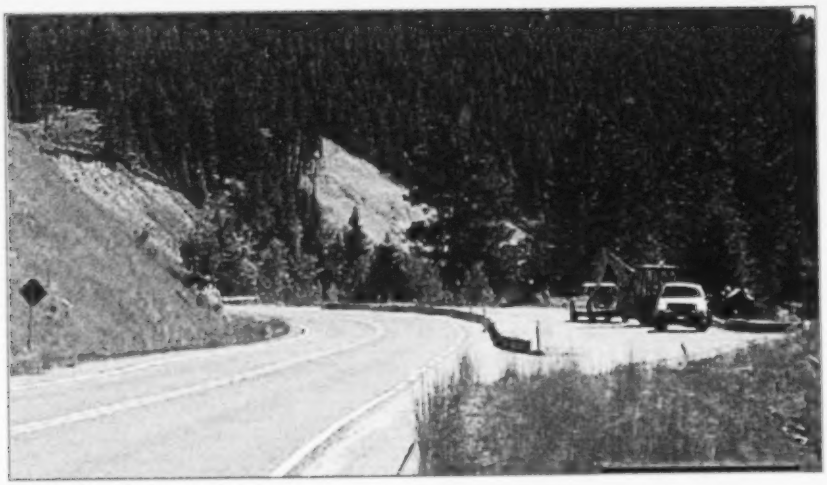
Schedule 'G' submitted March 12, 2004

Work remaining, and to be completed within next six months of the end of 2003/04 fiscal year:

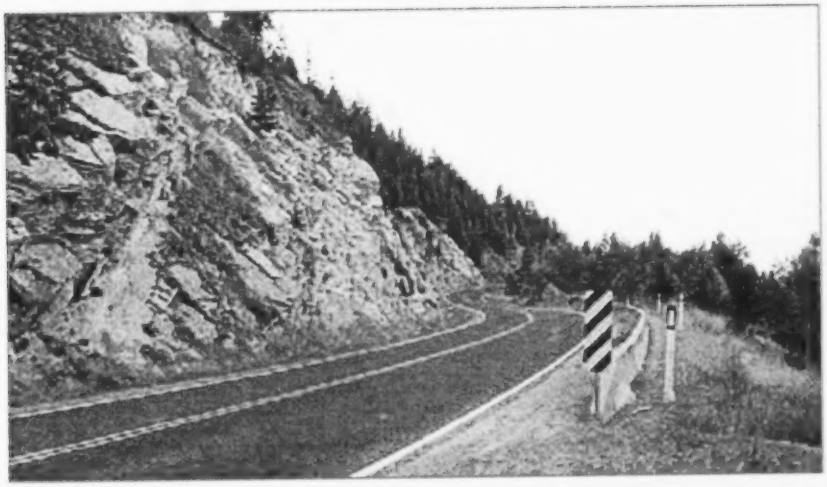
- Receive acceptable surety from Dawson Construction for roadbase substitution;
- Receive and review acceptable mitigation plan for lock block warranty defect, followed by implementation of the plan by Dawson Construction;
- Preparation of final progress estimate for payment to Dawson Construction; and,
- Project close out meeting and resulting report (scheduled for late April).

As an indication of the nature of the improvements the photographs below serve as a "Before" and "After" comparison for the same location (geographic [GPS] coordinates).

Preconstruction Photos:



Looking South (At Cotton Creek Culvert)



Looking South

Looking North (Site of 3 fatalities prior to Construction)

Post-Completion (same locations)

Looking South (At Cotton Creek Culvert)

Looking South (With Concrete Retaining Barrier on left for rockfall)

Looking North (Site of 3 fatalities prior to Construction)

Preacher Hill Curves

Work in progress, completion expected by the end of Summer 2004. More specifically to the end of the fiscal year, the following has been completed:

- Type A rock infill – complete;
- Type D excavation complete, Type D fill placed on new alignment;
- Contractor has been working double shifts during the Type A and Type D work to ensure project is on budget and schedule;
- Environmental mitigations have been completed to the satisfaction of DFO; and
- Sediment drainage system is working effectively.

The picture on the right provides an overall view of the project as well as the geographic and topographic parameters of the project.

The picture below provides a comparison of the old alignment in relation to the new alignment, and should provide the context and rationale for the anticipated safety benefits of the infrastructure improvement.

Highway 1: Broderick Creek to Ford Road

In the six months leading up to the end of the fiscal year 2003/04 the following has been completed:

- Construction of the retaining walls 1 to 4;
- Installation of a 3000 x 2400mm concrete box culvert to take White Creek under the Trans-Canada Highway;
- Installation of a 3000mm cattle underpass;
- Detour construction;
- Utility relocation within the original project scope; and
- White Lake Road Overpass (substantially complete)

The work planned for the 6 months following the end of the 2003/04 fiscal year include:

- Complete placement of all gravels, culverts, signing, electrical and paving work;
- Complete construction of the three new frontage roads (depending on property acquisition) and median barrier placement; and
- Complete White Lake Road overpass.

It important to recognize that the original infrastructure improvements were to be completed by July 30, 2004, but will be extended by at least one month to accommodate the additional enhancements (specifically the construction of 3 new frontage roads, new access and concrete median barrier). The final completion date will be dependent on how well property negotiations proceed towards conclusion and construction crews can access the requisite property.

Highway 97: South Peace Hill

The project was completed as of the end of the 2003/04 fiscal year. More specifically:

- A In-service certificate has been submitted to Transport Canada;
- As reflected in Revision 13 of Schedule B there is some small work to complete in the couple months following the end of the fiscal year, then the Schedule G will be submitted;
- Remaining work amounting to $80,000 (with a $40,000 recovery) entails concrete capping of the gabions, some minor asphalt work and some signage.

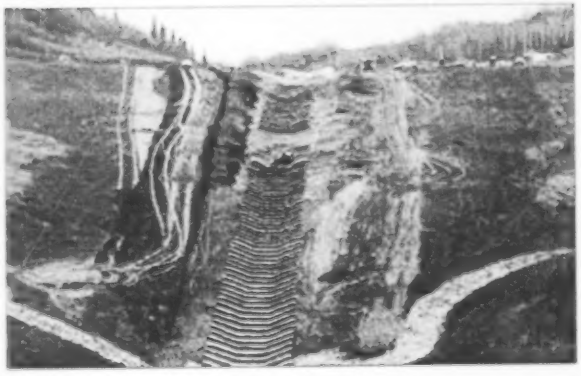
Old alignment and a portion of the creek gullies to the left

Creek gullies prior to placement of 1.6 million cubic meters of fill in the Engineered Waste Disposal area

Work just getting underway in the waste disposal area

Construction/Placement of fill in the engineered waste disposal area

Excavation of the Type "C" cut for the new alignment



Gabions under construction in waste disposal area

Alignment to the right, new alignment on the left

Substantial Completion (Aerial): Engineered waste disposal and new alignment; Partial old alignment at bottom left of the picture

Highway 97: Cottonwood Bridge

In September 2003, all necessary earthworks were completed in advance of the new bridge completion. Preloads at the abutment fills were also completed by the end of September 2003. In February 2004 the contractor remobilised and removed surcharges and began abutment construction. Abutment construction was completed as of the end of the 2003/04 fiscal year.

In the six months after the end of the fiscal year the following will occur:

- Girder erection is imminent;
- Complete construction of the new bridge and divert traffic to the new structure.

It is anticipated that the new infrastructure improvements will be in-service by early fall and demolition of existing structure to be completed by December.

SHIP COMMUNICATIONS ACTIVITIES 2003/04

April 4, 2003

SHIP (highway) joint news release announcing $16.71 million in funding for two projects: Hwy 1 between Broderick Creek and Ford Road west of Salmon Arm, and Hwy 5 at Preacher Hill between Barrier and Little Fort, north of Kamloops.

April 25, 2003

SHIP (border) joint news release announcing $7 million for realignment of Trans-Canada Highway between Annis Road and Highway 9 interchange near Chilliwack.

August 1, 2003

BC government caucus news release providing update on projects in Columbia River-Revelstoke constituency, including Victoria Road/Woods Overhead improvements and the Kicking Horse Canyon project.

Nov. 20, 2003

News release issued by the Ministry of Skills Development and Labour mentions job creation as a feature of highway improvements, citing the Kicking Horse canyon improvements.

December 11, 2003

Caucus communications news release on contract awards for transportation projects including the Preacher Hill improvements.

March 23, 2004

Caucus communications news release on contract award for the Annis Road, Hwy 1 and Hwy 9 intersection improvements.

March 26, 2004

A caucus communications update of work underway along the Trans-Canada Highway in the Salmon Arm area.

A YEAR END SUMMARY TABLE OF EXPENDITURES UNDER THE AGREEMENT

Please refer to Table 3 for complete details on year-end expenditures against existing contracts, as of March 31, 2004, for each of the respective projects:

- **Five Mile (Yoho) Bridge Project** – A series of 4 contracts have been established for a total cost of $24,019,460 out of a sharable project cost of $46,000,000 (52.22% of sharable cost). A total of $17,251,807 has been expended against these four contracts (71.82 % of existing 4 contracts).

- **Victoria Road** – 2 contracts have been established for a total cost of $4,511,716 out of a sharable project cost of $4,366,170 (over 100% of sharable cost). A total of $4,363,946 has been expended against these two contracts (over 100% of existing 2 contracts). More specifically, the latest version of the Schedule B upon project completion reflects the final costs of the project which is less than the amount of the contract authorizations which were established two years ago. The final project costs came in under-budget.

- **Woods Overhead** – 5 contracts have been established for a total cost of $8,290,769 out of a sharable project cost of $8,958,968 (92.54% of sharable cost). A total of $5,658,401 has been expended against these five contracts (68.25% of existing x contracts).

- **Chilliwack Vedder Interchange** – 1 contract has been established for this Design-Build project with the City of Chilliwack for a total cost of $ 8,266,000 out of a sharable project cost of $7,934,000 (over 100% of sharable cost). A total of $4,999,996 has been expended against the one contract (60.49% of the existing 1 contract). Once again the contract authorization that was established near the beginning of construction exceeds the actual costs of the project as it nears completion. This cost-savings is reflected in the latest version of the "Schedule B".

- **Broderick Creek to Ford Road** – 3 contracts have been established for a total cost of $8,100,895 out of a sharable project cost of $10,645,974 (76.09% of sharable cost). A total of $3,623,004 has been expended against these three contracts (44.72% of existing 3 contracts).

- **Highway 3/95 (Moyie Bluffs)** – 5 contracts have been established for a total cost of $7,192,000 out of a sharable project cost of $7,192,000 (100.00% of sharable cost). A total of $7,183,900 has been expended against these 5 contracts (99.89% of the existing 5 contracts).

- **South Peace Hill** – 6 contracts have been established for a total cost of $11,379,771 out of a sharable project cost of $11,349,532 (over 100% of sharable cost). A total of $11,244,128 has been expended against these 6 contracts (98.81% of the existing 6 contracts). This project is essentially complete with some minor work required in the 2004/05 fiscal year and thus the amended contract authorizations exceed the amount indicated in the "Schedule B".

- **Cottonwood River Bridge** – 3 contracts have been established for a total cost of $5,491,798 out of a sharable project cost of $6,438,930 (85.29 % of sharable cost). A total of $3,144,371 has been expended against these 3 contracts (57.26 % of the existing 3 contracts).

- **Preacher Hill Curves** – 2 contracts have been established for a total cost of $1,427,765 out of a sharable project cost of $2,758,000 (51.77 % of sharable cost). A total of $753,999 has been expended against these 2 contracts (52.81 % of the existing 2 contracts).

- **Environmental Assessment Costs** – One contract has been established for a total cost of $50,000 out of a sharable project cost of $50,000 (100% of sharable cost). A total of $32,986 has been expended against this contract (65.97% of existing contract). This was a generic contract authorization for services performed by one contractor for a series of evaluations in the first year of the program. Subsequent environmental monitoring and assessment were attached to each of the respective projects with separate contract authorizations.

Overall, 35 contracts have been established for a total cost of $80,767,393 out of a total sharable program costs of 122,400,000 (65.99% of sharable cost). A total of $59,498,758 has been expended against these 35 contracts (73.66% of existing 35 contracts).

Annual Audit of Program – The audit evaluated the claims submitted for payment under the agreement to ensure that they are free of material misstatement and that they are consistent with the eligible costs requirements of the agreement. The audit was undertaken in accordance with accepted auditing standards such as the rules of the Canadian Institute of Chartered Accountants by an independent certified chartered accountant (CA). The audit was conducted by the Office of Auditor General of BC.

TABLE 1 – Evolution of Schedule B during the fiscal year 2003/04

	Hwy	Project	Estimated Project Cost	Sharable Project Cost	Agreement Contribution Federal	Provincial	Breakdown of Expenditures 2002/03	2003/04	2004/05	2005/06	2006/07
Revision #7											
7-Apr-03	1	5 Mile (Yonol Bridge	$60,490,000	$45,980,000	$22,990,000	$22,990,000	$6,724,186	$12,692,605	$11,376,605	$10,142,605	$5,043,999
	1	Victoria Road	$8,394,000	$4,888,000	$2,444,000	$2,444,000	$1,454,821	$3,433,179			
	1	Woods Overhead	$11,942,000	$9,824,000	$4,912,000	$4,912,000	$178,969	$6,530,516	$3,114,515		
	1	Chilliwack Vedder Interchange	$12,400,000	$8,266,000	$4,133,000	$4,133,000		$200,000	$4,032,000	$4,034,000	
	1	Broderick Creek to Ford Road	$12,960,000	$8,700,000	$4,350,000	$4,350,000		$4,800,000	$3,900,000		
	1	Annis Road to Highway 9	$6,968,000	$6,144,000	$3,072,000	$3,072,000		$6,144,000			
	3	Highway 3/95	$8,192,000	$6,750,000	$3,375,000	$3,375,000	$3,215,159	$3,534,841			
	97	South Peace Hill	$15,000,000	$14,716,000	$7,358,000	$7,358,000	$12,351	$14,703,649			
	97	Cottonwood River Bridge	$9,396,000	$6,380,000	$3,190,000	$3,190,000	$629,429	$3,656,857	$1,893,714		
	16	Blackwater/Shanley Passing Lanes	$1,935,000	$1,221,220	$610,610	$610,610	$1,221,220				
	5	Preacher Hill Curves	$3,750,000	$2,758,000	$1,379,000	$1,379,000		$754,000	$2,004,000		
		Environmental Assessment Costs	$50,000	$50,000	$25,000	$25,000	$32,986	$17,014			
		Unallocated Funds	$5,498,780	$5,498,780	$2,749,390	$2,749,390				$5,498,780	
		Planning and Evaluation	$1,224,000	$1,224,000	$612,000	$612,000		$408,000	$408,000	$408,000	
		Total	**$158,199,780**	**$122,400,000**	**$61,200,000**	**$61,200,000**	**$13,469,121**	**$57,074,661**	**$26,728,834**	**$20,083,385**	**$5,043,999**
Revision #8											
30-Jul-03	1	5 Mile (Yonol Bridge	$60,490,000	$45,980,000	$22,990,000	$22,990,000	$6,721,063	$12,695,728	$11,376,605	$10,142,605	$5,043,999
	1	Victoria Road	$8,394,000	$4,888,000	$2,444,000	$2,444,000	$1,454,820	$3,433,180			
	1	Woods Overhead	$11,942,000	$9,824,000	$4,912,000	$4,912,000	$178,968	$6,530,517	$3,114,515		
	1	Chilliwack Vedder Interchange	$12,400,000	$8,266,000	$4,133,000	$4,133,000		$4,800,000	$3,466,000		
	1	Broderick Creek to Ford Road	$12,960,000	$8,700,000	$4,350,000	$4,350,000		$4,800,000	$3,900,000		
	1	Annis Road to Highway 9	$6,968,000	$6,144,000	$3,072,000	$3,072,000		$6,144,000			
	3	Highway 3/95	$8,192,000	$6,750,000	$3,375,000	$3,375,000	$3,190,227	$3,559,773			
	97	South Peace Hill	$15,000,000	$11,983,912	$5,991,956	$5,991,956	$12,351	$11,971,561			
	97	Cottonwood River Bridge	$9,396,000	$6,438,930	$3,219,465	$3,219,465	$600,774	$3,627,846	$2,210,310		
	16	Blackwater/Shanley Passing Lanes	$1,935,000	$1,221,220	$610,610	$610,610	$1,221,220				
	5	Preacher Hill Curves	$3,750,000	$2,758,000	$1,379,000	$1,379,000		$754,000	$2,004,000		
		Environmental Assessment Costs	$50,000	$50,000	$25,000	$25,000	$32,986	$17,014			
		Unallocated Funds	$8,171,938	$8,171,938	$4,085,969	$4,085,969				$8,171,938	
		Planning and Evaluation	$1,224,000	$1,224,000	$612,000	$612,000		$408,000	$408,000	$408,000	
		Total	**$160,872,938**	**$122,400,000**	**$61,200,000**	**$61,200,000**	**$13,412,409**	**$58,741,619**	**$26,479,430**	**$18,722,543**	**$5,043,999**
Revision #9											
27-Nov-03	1	5 Mile (Yonol Bridge	$65,463,000	$46,000,000	$23,000,000	$23,000,000	$6,721,063	$11,875,504	$12,206,832	$15,196,601	
	1	Victoria Road	$7,543,509	$4,585,872	$2,292,936	$2,292,936	$1,454,820	$3,131,052			
	1	Woods Overhead	$11,800,000	$8,717,376	$4,358,688	$4,358,688	$178,968	$6,138,408	$2,400,000		
	1	Chilliwack Vedder Interchange	$12,400,000	$8,266,000	$4,133,000	$4,133,000		$4,400,000	$3,866,000		
	1	Broderick Creek to Ford Road	$12,960,000	$8,700,000	$4,350,000	$4,350,000		$4,800,000	$3,900,000		
	1	Annis Road to Highway 9	$5,544,259	$4,850,000	$2,425,000	$2,425,000		$100,000	$4,750,000		
	3	Highway 3/95	$9,153,000	$7,373,476	$3,686,738	$3,686,738	$3,190,227	$4,183,249			
	97	South Peace Hill	$15,724,059	$11,599,256	$5,799,628	$5,799,628	$12,351	$11,586,905			
	97	Cottonwood River Bridge	$8,457,000	$6,226,574	$3,113,287	$3,113,287	$600,774	$3,131,800	$2,494,000		
	16	Blackwater/Shanley Passing Lanes	$1,645,000	$1,221,220	$610,610	$610,610	$1,221,220				
	5	Preacher Hill Curves	$3,750,000	$2,758,000	$1,379,000	$1,379,000		$754,000	$2,004,000		
		EnvironmentalAssessment Costs	$50,000	$50,000	$25,000	$25,000	$32,986	$17,014			
		Unallocated Funds	$10,828,226	$10,828,226	$5,414,113	$5,414,113				$10,828,226	
		Planning and Evaluation	$1,224,000	$1,224,000	$612,000	$612,000		$408,000	$408,000	$408,000	
		Total	**$166,542,053**	**$122,400,000**	**$61,200,000**	**$61,200,000**	**$13,412,409**	**$50,525,932**	**$32,028,832**	**$26,432,827**	**$ -**

	Hwy	Project	Estimated Project Cost	Sharable Project Cost	Agreement Contribution Federal	Agreement Contribution Provincial	Breakdown of Expenditures 2002/03	2003/04	2004/05	2005/06	2006/07
Revision #10											
11-Mar-04	1	5 Mile (Yoho) Bridge	$65,463,000	$46,000,000	$23,000,000	$23,000,000	$6,721,063	$11,875,504	$12,206,832	$15,196,601	
	1	Victoria Road	$7,851,753	$4,366,170	$2,183,085	$2,183,085	$1,454,820	$2,911,350			
	1	Woods Overhead	$12,190,000	$8,958,968	$4,479,484	$4,479,484	$178,968	$5,450,000	$3,330,000		
	1	Chilliwack Vedder Interchange	$12,400,000	$8,266,000	$4,133,000	$4,133,000		$4,400,000	$3,866,000		
	1	Broderick Creek to Ford Road	$15,060,000	$10,645,974	$5,322,987	$5,322,987		$4,850,500	$5,795,474		
	1	Annis Road to Highway 9	$7,209,000	$6,654,000	$3,327,000	$3,327,000			$6,654,000		
	3	Highway 3/95	$9,466,000	$7,192,000	$3,596,000	$3,596,000	$3,190,227	$4,001,773			
	97	South Peace Hill	$15,503,000	$11,349,532	$5,674,766	$5,674,766	$12,351	$11,257,180	$80,001		
	97	Cottonwood River Bridge	$8,646,000	$6,438,930	$3,219,465	$3,219,465	$600,774	$2,778,300	$3,059,856		
	16	Blackwater/Shanley Passing Lanes	$1,645,000	$1,221,220	$610,610	$610,610	$1,221,220				
	5	Preacher Hill Curves	$3,750,000	$2,758,000	$1,379,000	$1,379,000		$754,000	$2,004,000		
		Environmental Assessment Costs	$50,000	$50,000	$25,000	$25,000	$32,986	$17,014			
		Unallocated Funds	$7,275,706	$7,275,206	$3,637,603	$3,637,603				$7,275,206	
		Planning and Evaluation	$1,224,000	$1,224,000	$612,000	$612,000		$408,000	$408,000	$408,000	
		Total	**$167,733,459**	**$122,400,000**	**$61,200,000**	**$61,200,000**	**$13,412,409**	**$48,703,621**	**$37,404,163**	**$22,879,807**	**$ -**
Revision #11											
31-Mar-04	1	5 Mile (Yoho) Bridge	$65,463,000	$46,000,000	$23,000,000	$23,000,000	$6,721,063	$12,379,256	$11,302,000	$15,597,681	
	1	Victoria Road	$7,851,753	$4,366,170	$2,183,085	$2,183,085	$1,454,820	$2,911,350			
	1	Woods Overhead	$12,190,000	$8,958,968	$4,479,484	$4,479,484	$178,968	$5,478,796	$3,301,204		
	1	Chilliwack Vedder Interchange	$12,400,000	$7,934,000	$3,967,000	$3,967,000		$5,000,000	$2,934,000		
	1	Broderick Creek to Ford Road	$15,060,000	$10,645,974	$5,322,987	$5,322,987		$4,850,500	$5,795,474		
	1	Annis Road to Highway 9	$7,209,000	$6,654,000	$3,327,000	$3,327,000		$ -	$6,654,000		
	1	Salmon Arm: 30th St. to Highway 97B	$9,600,000	$6,800,000	$3,400,000	$3,400,000		$ -	$4,000,000	$2,800,000	
	3	Highway 3/95	$9,466,000	$7,192,000	$3,596,000	$3,596,000	$3,190,227	$4,001,773			
	97	South Peace Hill	$15,503,000	$11,349,532	$5,674,766	$5,674,766	$12,351	$11,257,181	$80,000		
	97	Cottonwood River Bridge	$8,646,000	$6,438,930	$3,219,465	$3,219,465	$600,774	$2,778,300	$3,059,856		
	16	Blackwater/Shanley Passing Lanes	$1,645,000	$1,221,220	$610,610	$610,610	$1,221,220				
	5	Preacher Hill Curves	$3,750,000	$2,758,000	$1,379,000	$1,379,000		$754,000	$2,004,000		
		Environmental Assessment Costs	$50,000	$50,000	$25,000	$25,000	$32,986	$17,014			
		Unallocated Funds	$819,872	$819,872	$409,936	$409,936				$819,872	
		Planning and Evaluation	$1,211,334	$1,211,334	$605,667	$605,667		$12,000	$599,667	$599,667	
		Total	**$170,864,959**	**$122,400,000**	**$61,200,000**	**$61,200,000**	**$13,412,409**	**$49,440,170**	**$39,730,201**	**$19,817,220**	**$ -**
Revision #12											
13-Apr-04	1	5 Mile (Yoho) Bridge	$65,463,000	$46,000,000	$23,000,000	$23,000,000	$6,721,063	$10,530,746	$13,150,510	$15,597,681	
	1	Victoria Road	$7,851,753	$4,366,170	$2,183,085	$2,183,085	$1,454,820	$2,911,350			
	1	Woods Overhead	$12,190,000	$8,958,968	$4,479,484	$4,479,484	$178,968	$5,479,440	$3,300,560		
	1	Chilliwack Vedder Interchange	$12,400,000	$7,934,000	$3,967,000	$3,967,000		$5,000,000	$2,934,000		
	1	Broderick Creek to Ford Road	$15,060,000	$10,645,974	$5,322,987	$5,322,987		$3,623,006	$7,022,968		
	1	Annis Road to Highway 9	$7,209,000	$6,654,000	$3,327,000	$3,327,000		$ -	$6,654,000		
	1	Salmon Arm: 30th St. to Highway 97B	$9,600,000	$6,800,000	$3,400,000	$3,400,000		$ -	$4,000,000	$2,800,000	
	3	Highway 3/95	$9,466,000	$7,192,000	$3,596,000	$3,596,000	$3,190,227	$4,001,773			
	97	South Peace Hill	$15,503,000	$11,349,532	$5,674,766	$5,674,766	$12,351	$11,257,181	$80,000		
	97	Cottonwood River Bridge	$8,646,000	$6,438,930	$3,219,465	$3,219,465	$600,774	$2,543,598	$3,294,558		
	16	Blackwater/Shanley Passing Lanes	$1,645,000	$1,221,220	$610,610	$610,610	$1,221,220				
	5	Preacher Hill Curves	$3,750,000	$2,758,000	$1,379,000	$1,379,000		$754,000	$2,004,000		
		Environmental Assessment Costs	$50,000	$50,000	$25,000	$25,000	$32,986	$17,014			
		Unallocated Funds	$819,872	$819,872	$409,936	$409,936				$819,872	
		Planning and Evaluation	$1,211,334	$1,211,334	$605,667	$605,667		$12,000	$599,667	$599,667	
		Total	**$170,864,959**	**$122,400,000**	**$61,200,000**	**$61,200,000**	**$13,412,409**	**$46,130,108**	**$43,040,263**	**$19,817,220**	**$ -**

	Hwy	Project	Estimated Project Cost	Sharable Project Cost	Agreement Contribution Federal	Agreement Contribution Provincial	Breakdown of Expenditures 2002/03	2003/04	2004/05	2005/06	2006/07
Revision #13											
24-Jun-04	1	5 Mile (Yoho) Bridge	$65,463,000	$46,000,000	$23,000,000	$23,000,000	$6,721,063	$10,530,746	$13,150,510	$15,597,681	
	1	Victoria Road	$7,851,753	$4,366,170	$2,183,085	$2,183,085	$1,454,820	$2,911,350			
	1	Woods Overhead	$12,190,000	$8,958,968	$4,479,484	$4,479,484	$178,968	$5,479,440	$3,300,560		
	1	Chilliwack Vedder Interchange	$12,400,000	$7,934,000	$3,967,000	$3,967,000		$5,000,000	$2,934,000		
	1	Broderick Creek to Ford Road	$15,060,000	$10,645,974	$5,322,987	$5,322,987		$3,623,006	$7,022,968		
	1	Annis Road to Highway 9	$7,209,000	$6,654,000	$3,327,000	$3,327,000		$ -	$6,654,000		
	1	Salmon Arm 30th St to Highway 97B	$9,600,000	$6,800,000	$3,400,000	$3,400,000		$ -	$4,000,000	$2,800,000	
	3	Highway 3/95	$9,466,000	$7,192,000	$3,596,000	$3,596,000	$3,190,227	$4,001,773			
	97	South Peace Hill	$15,503,000	$11,349,532	$5,674,766	$5,674,766	$12,351	$11,257,181	$80,000		
	97	Cottonwood River Bridge	$8,646,000	$6,438,930	$3,219,465	$3,219,465	$600,774	$2,621,925	$3,216,231		
	16	Blackwater/Shanley Passing Lanes	$1,645,000	$1,221,220	$610,610	$610,610	$1,221,220				
	5	Preacher Hill Curves	$3,750,000	$2,758,000	$1,379,000	$1,379,000		$754,000	$2,004,000		
		Environmental Assessment Costs	$50,000	$50,000	$25,000	$25,000	$32,986	$17,014			
		Unallocated Funds	$819,872	$819,872	$409,936	$409,936				$819,872	
		Planning and Evaluation	$1,211,334	$1,211,334	$605,667	$605,667		$12,000	$599,667	$599,667	
		Total	**$170,864,959**	**$122,400,000**	**$61,200,000**	**$61,200,000**	**$13,412,409**	**$46,208,435**	**$42,961,936**	**$19,817,220**	**$ -**

TABLE 2 – Statement of Changes for Schedule B during the fiscal year 2003/04

Hwy	Project	Estimated Project Cost	Sharable Project Cost	Agreement Contribution Federal	Agreement Contribution Provincial	Breakdown of Expenditures 2002/03	2003/04	2004/05	2005/06	2006/07
Revision #7 to Revision #8										
1	5 Mile (Yoho) Bridge	$ –	$ –	$ –	$ –	$(3,123)	$3,123	$ –	$ –	$ –
1	Victoria Road	$ –	$ –	$ –	$ –	$(1)	$1	$ –	$ –	$ –
1	Woods Overhead	$ –	$ –	$ –	$ –	$(1)	$1	$ –	$ –	$ –
1	Chilliwack Vedder Interchange	$ –	$ –	$ –	$ –	$ –	$4,600,000	$(566,000)	$(4,034,000)	$ –
1	Broderick Creek to Ford Road	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –
1	Annis Road to Highway 9	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –
3	Highway 3/95	$ –	$ –	$ –	$ –	$(24,932)	$24,932	$ –	$ –	$ –
97	South Peace Hill	$ –	$(2,732,088)	$(1,366,044)	$(1,366,044)	$ –	$(2,737,088)	$ –	$ –	$ –
97	Cottonwood River Bridge	$ –	$58,930	$29,465	$29,465	$(28,655)	$(229,011)	$316,596	$ –	$ –
16	Blackwater/Shanley Passing Lanes	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –
5	Preacher Hill Curves	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –
	Environmental Assessment Costs	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –
	Unallocated Funds	$2,673,158	$2,673,158	$1,336,579	$1,336,579	$ –	$ –	$ –	$2,673,158	$ –
	Planning and Evaluation	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –
	Total	**$2,673,158**	**$ –**	**$ –**	**$ –**	**$(56,712)**	**$1,666,958**	**$(249,404)**	**$(1,360,842)**	**$ –**
Revision #8 to Revision #9										
1	5 Mile (Yoho) Bridge	$4,973,000	$20,000	$10,000	$10,000	$ –	$(820,224)	$830,227	$5,053,996	$(5,043,999)
1	Victoria Road	$(850,491)	$(302,128)	$(151,064)	$(151,064)	$ –	$(302,128)	$ –	$ –	$ –
1	Woods Overhead	$(142,000)	$(1,106,624)	$(553,312)	$(553,312)	$ –	$(392,109)	$(714,515)	$ –	$ –
1	Chilliwack Vedder Interchange	$ –	$ –	$ –	$ –	$ –	$(400,000)	$400,000	$ –	$ –
1	Broderick Creek to Ford Road	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –
1	Annis Road to Highway 9	$(1,423,741)	$(1,294,000)	$(647,000)	$(647,000)	$ –	$(6,044,000)	$4,750,000	$ –	$ –
3	Highway 3/95	$961,000	$623,476	$311,738	$311,738	$ –	$623,476	$ –	$ –	$ –
97	South Peace Hill	$724,059	$(384,656)	$(192,328)	$(192,328)	$ –	$(384,656)	$ –	$ –	$ –
97	Cottonwood River Bridge	$(939,000)	$(212,356)	$(106,178)	$(106,178)	$ –	$(496,046)	$283,690	$ –	$ –
16	Blackwater/Shanley Passing Lanes	$(290,000)	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –
5	Preacher Hill Curves	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –
	Environmental Assessment Costs	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –
	Unallocated Funds	$2,656,288	$2,656,288	$1,328,144	$1,328,144	$ –	$ –	$ –	$2,656,288	$ –
	Planning and Evaluation	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –
	Total	**$5,669,115**	**$ –**	**$ –**	**$ –**	**$ –**	**$(8,215,687)**	**$5,549,402**	**$7,710,284**	**$(5,043,999)**
Revision #9 to Revision #10										
1	5 Mile (Yoho) Bridge	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –
1	Victoria Road	$308,244	$(219,702)	$(109,851)	$(109,851)	$ –	$(219,702)	$ –	$ –	$ –
1	Woods Overhead	$390,000	$241,592	$120,796	$120,796	$ –	$(688,408)	$930,000	$ –	$ –
1	Chilliwack Vedder Interchange	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –
1	Broderick Creek to Ford Road	$2,100,000	$1,945,974	$972,987	$972,987	$ –	$50,500	$1,895,474	$ –	$ –
1	Annis Road to Highway 9	$1,664,741	$1,804,000	$902,000	$902,000	$ –	$(100,000)	$1,904,000	$ –	$ –
3	Highway 3/95	$313,000	$(181,476)	$(90,738)	$(90,738)	$ –	$(181,476)	$ –	$ –	$ –
97	South Peace Hill	$(221,059)	$(249,724)	$(124,862)	$(124,862)	$ –	$(329,725)	$80,001	$ –	$ –
97	Cottonwood River Bridge	$183,000	$212,356	$106,178	$106,178	$ –	$(353,500)	$565,856	$ –	$ –
16	Blackwater/Shanley Passing Lanes	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –
5	Preacher Hill Curves	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –
	Environmental Assessment Costs	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –
	Unallocated Funds	$(3,552,520)	$(3,553,020)	$(1,776,510)	$(1,776,510)	$ –	$ –	$ –	$(3,553,020)	$ –
	Planning and Evaluation	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –
	Total	**$1,191,406**	**$ –**	**$ –**	**$ –**	**$ –**	**$(1,822,311)**	**$5,375,331**	**$(3,553,020)**	**$ –**

Hwy	Project	Estimated Project Cost	Shareable Project Cost	Agreement Contributions: Federal	Provincial	2002/03	Breakdown of Expenditures: 2003/04	2004/05	2005/06	2006/07
Revision #10 to Revision #11										
1	5 Mile (Yoho) Bridge	$ -	$ -	$ -	$ -	$ -	$569,752	$904,832	$431,280	$ -
1	Victoria Road	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
1	Woods Overhead	$ -	$ -	$ -	$ -	$ -	$28,798	$28,796	$ -	$ -
1	Chilliwack Vedder Interchange	$ -	$332,000	$166,000	$166,000	$ -	$809,000	$842,000	$ -	$ -
1	Broderick Creek to Ford Road	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
1	Annis Road to Highway 9	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
1	Salmon Arm: 30th St to Highway 97B	$9,830,000	$6,830,000	$3,430,000	$3,430,000	$ -	$ -	$4,030,000	$2,800,000	$ -
3	Highway 3/95	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
97	South Peace Hill	$ -	$ -	$ -	$ -	$ -	$0	$0	$ -	$ -
97	Cottonwood River Bridge	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
16	Blackwater/Shanley Passing Lanes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
5	Preacher Hill Curves	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	Environmental Assessment Costs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	Unallocated Funds	$(6,455,834)	$(6,455,334)	$(3,227,667)	$(3,227,667)	$ -	$ -	$ -	$(6,455,334)	$ -
	Planning and Evaluation	$(12,666)	$(12,666)	$(6,333)	$(6,333)	$ -	$(896,000)	$191,667	$191,667	$ -
	Total	**$3,131,500**	**$ -**	**$ -**	**$ -**	**$ -**	**$736,549**	**$2,326,038**	**$(3,062,587)**	**$ -**
Revision #11 to Revision #12										
1	5 Mile (Yoho) Bridge	$ -	$ -	$ -	$ -	$ -	$1,848,510	$1,848,510	$ -	$ -
1	Victoria Road	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
1	Woods Overhead	$ -	$ -	$ -	$ -	$ -	$644	$644	$ -	$ -
1	Chilliwack Vedder Interchange	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
1	Broderick Creek to Ford Road	$ -	$ -	$ -	$ -	$ -	$1,227,494	$1,227,494	$ -	$ -
1	Annis Road to Highway 9	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
1	Salmon Arm: 30th St to Highway 97B	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
3	Highway 3/95	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
97	South Peace Hill	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
97	Cottonwood River Bridge	$ -	$ -	$ -	$ -	$ -	$234,722	$234,722	$ -	$ -
16	Blackwater/Shanley Passing Lanes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
5	Preacher Hill Curves	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	Environmental Assessment Costs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	Unallocated Funds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	Planning and Evaluation	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	Total	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$(3,310,062)**	**$3,310,062**	**$ -**	**$ -**
Revision #12 to Revision #13										
1	5 Mile (Yoho) Bridge	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
1	Victoria Road	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
1	Woods Overhead	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
1	Chilliwack Vedder Interchange	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
1	Broderick Creek to Ford Road	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
1	Annis Road to Highway 9	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
1	Salmon Arm: 30th St to Highway 97B	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
3	Highway 3/95	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
97	South Peace Hill	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
97	Cottonwood River Bridge	$ -	$ -	$ -	$ -	$ -	$78,327	$78,327	$ -	$ -
16	Blackwater/Shanley Passing Lanes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
5	Preacher Hill Curves	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	Environmental Assessment Costs	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	Unallocated Funds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	Planning and Evaluation	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	Total	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$78,327**	**$(78,327)**	**$ -**	**$ -**

TABLE 3 – CANADA/BRITISH COLUMBIA STRATEGIC HIGHWAY INFRASTRUCTURE PROGRAM
SCHEDULE OF DETAILED EXPENDITURE CLAIMS FOR 2004/04 – FOR YEAR ENDED MARCH 31, 2004

Project No.	Project / Claim Description	Contract Number	Previous Year Expenditure	Current Year Eligible Costs Claimed	Total To Date	Eligible Costs Remaining in Existing Contracts
1.1	5 Mile (Yoho) Bridge ($46,000,000)					
	1) Yoho Bridge replacement, upgrade & approach work	030M16333	6,554,743	10,492,135	17,046,678	6,746,082
	2) Bridge in-plant inspection services	155CS0309	–	–	–	–
	3) Environmental services	21563_Env_Summit_DF	42,391	36,967	79,358	20,642
	4) Utilities & signage	21563_Util_Yoho_Br	123,929	1,642	125,571	929
		Sub-total	**6,721,063**	**10,530,744**	**17,251,807**	**6,767,653**
1.2	Victoria Road ($4,366,170)					
	1) Upgrade 1.5km section of TCH	254MJ0235	1,408,191	2,759,578	4,167,769	143,290
	2) Utilities & signage	21562_Util_Vic_Road	46,629	149,548	196,177	4,480
		Sub-total	**1,454,820**	**2,909,126**	**4,363,946**	**147,770**
1.3	Woods Overhead ($8,958,968)					
	1) Replace Woods Overhead structure & upgrade 1.5km of TCH	254MJ0255	174,672	5,404,649	5,579,321	2,542,448
	2) Utilities & signage	21564_Util_Woods Ov	3,296	2,973	6,269	8,731
	3) Quality assurance	155CS0309 W	–	–	–	–
	4) Environmental services	21564_Env_Woods	1,000	40,986	41,986	81,014
	5) CPR flagging	CPR_Flagging	–	30,825	30,825	175
		Sub-total	**178,968**	**5,479,433**	**5,658,401**	**2,632,368**
1.4	Chilliwack Vedder Interchange ($7,934,000)					
	1) Upgrade the existing Vedder interchange to increase safety & capacity	Chilliwack - Third Party	–	4,999,996	4,999,996	3,266,004
		Sub-total	**–**	**4,999,996**	**4,999,996**	**3,266,004**
1.5	Broderick Creek to Ford Road ($10,645,974)					
	1) Upgrade 4.2 km of the TCH to a 100km/h design standard	254MJ0306	–	3,448,176	3,448,176	4,437,219
	2) Utilities & signage	21568_Util_Signage_Elec	–	152,305	152,305	28,195
	3) Environmental services	21568_Brod-Ford_Env	–	22,523	22,523	12,477
		Sub-total	**–**	**3,623,004**	**3,623,004**	**4,477,891**
3.2	Audit ($37,334)					
	1) Annual audits	Annual_Audits	12,000	–	12,000	50,000
		Sub-total	**12,000**	**–**	**12,000**	**50,000**
4.1	Highway 3/95 ($7,192,000)					
	1) Climbing lanes and realignment of sections of Hwy3/95 & widening Peavine Bridge deck	254MJ0706	3,013,586	3,777,414	6,791,000	–
	2) Environmental services	31648_Environmental	10,660	22,571	33,231	1,769
	3) Utilities & signage	31648_Utilities	165,981	8,962	174,943	1,057
	4) CPR Flagging	31648_CPR_Flagging	–	59,265	59,265	735
	5) Environmental services	31468_Env_Mtt	–	125,461	125,461	4,539
		Sub-total	**3,190,227**	**3,993,673**	**7,183,900**	**8,100**

Project No	Project / Claim Description	Contract Number	Previous Year Expenditure	Current Year Eligible Costs Claimed	Total To Date	Eligible Costs Remaining in Existing Contracts
5.1	South Prairie Hill ($11,349,532)					
	1) Realignment & upgrade of section of Highway 97	354MJ0257	–	11,178,803	11,178,803	128,758
	2) Archaeological Overview Assessment	41161-1_Env	1,191	–	1,191	–
	3) Archaeological Investigation	41161-2_Env	11,160	–	11,160	–
	4) Dust control	41161_Dust Control	–	2,115	2,115	1,885
	5) Geotechnical equipment	41161_Geotech_Equip	–	50,859	50,859	–
	6) Utilities	Util_41161	–	–	–	5,000
		Sub-total	**12,351**	**11,231,777**	**11,244,128**	**135,643**
5.2	Cottonwood River Bridge ($6,438,930)					
	1) Realignment of bridge & road for the Cottonwood River Bridge	354MJ0252	531,508	2,523,833	3,055,341	2,320,457
	2) Utilities & signage	41232_Util_Cottonwood	14,776	–	14,776	1,224
	3) Environmental services	41232_Env_Cottonwood	54,490	19,764	74,254	25,746
		Sub-total	**600,774**	**2,543,597**	**3,144,371**	**2,347,427**
6.1	Blackwater/Shanley Passing Lanes ($1,221,220)					
	1) Upgrade 4.3 km section of Highway 16	354MJ0366	1,216,620	–	1,216,620	–
	2) Utilities & signage	41377_Util_B/S P/L	4,600	–	4,600	–
		Sub-total	**1,221,220**	**–**	**1,221,220**	**–**
7.1	Environmental Assessment Costs ($50,000)					
	1) Environmental Consulting	Env_SHIP	32,986	–	32,986	17,014
		Sub-total	**32,986**	**–**	**32,986**	**17,014**
8.1	Preacher Hill Curves ($2,758,000)					
	1) Design & construct the realignment of 1.6km of Hwy 5 N to a 100km/h standard	254MJ0375	–	749,913	749,913	1,419,851
	2) Utilities & signage	20210 Util Preacher	–	4,086	4,086	7,914
		Sub-total	**–**	**753,999**	**753,999**	**1,427,765**
		TOTAL	**13,424,409**	**46,065,349**	**59,489,758**	**21,277,635**

Report of the Auditor General of British Columbia

To the Members of the Management Committee
on behalf of the Provincial Minister of Transportation, and
the Federal Minister of Transport:

At the request of the Ministry of Transportation on behalf of the Management Committee, I have audited the Schedule of Detailed Expenditure Claims under the *Strategic Highway Infrastructure Program Agreement* against the eligible costs of the agreement (as defined in Schedule C of the agreement dated March 5, 2002 with Transport Canada) for the year ended March 31, 2004. This financial information is the responsibility of the management of the Ministry of Transportation. My responsibility is to express an opinion on this financial information based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial information is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial information. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial information.

In my opinion, this schedule presents fairly, in all material respects, the detailed expenditure claims under the *Strategic Highway Infrastructure Program Agreement* for the year ended March 31, 2004 in accordance with the provisions of Schedule C of the agreement referred to above.

Wayne Strelioff

Wayne Strelioff, FCA
Auditor General

Victoria, British Columbia
July 30, 2004

CANADA/BRITISH COLUMBIA
STRATEGIC HIGHWAY INFRASTRUCTURE PROGRAM

Schedule of Detailed Expenditure Claims
For the Year Ended March 31, 2004

Project Number	Project/Claim Description	Contract Number	Current Year Eligible Costs Claimed
1.1	**5 Mile (Yoho) Bridge**		
	1) Yoho Bridge replacement, upgrade & approach work ..	090MJ6333	10,492,135
	2) Bridge in-plant inspection services.....	155CS0309	-
	3) Environmental services	21563_Env_Summit_DF	36,967
	4) Utilities & signage.....	21563_Util_Yoho_Br	1,642
	Sub-total		**10,530,744**
1.2	**Victoria Road**		
	1) Upgrade 1.5km section of TCH.....	254MJ0235	2,759,578
	2) Utilities & signage.....	21562_Util_Vic_Road	149,548
	Sub-total		**2,909,126**
1.3	**Woods Overhead**		
	1) Replace Woods Overhead structure & upgrade 1.5km of TCH	254MJ0255	5,404,649
	2) Utilities & signage.....	21564_Util_Woods Ov	2,973
	3) Quality assurance	155CS0309 W	-
	4) Environmental services	21564_Env_Woods	40,986
	5) CPR Flagging.....	CPR_Flagging	30,825
	Sub-total		**5,479,433**
	6)		
1.4	**Chilliwack Vedder Interchange**		
	1) Upgrade the existing Vedder interchange to increase safety and capacity.....	Chilliwack – Third Party	4,999,996
	Sub-total		**4,999,996**
1.5	**Broderick Creek to Ford Road**		
	1) Upgrade 4.2 km of the TCH to a 100km/h design standard.....	254MJ0306	3,448,176
	2) Utilities & signage	21568_Util_Signage_Ele	152,305
	3) Environmental services.....	21568_Brod-Ford-Env	22,523
	Sub-total		**3,623,004**
3.2	**Audit**		
	1) Annual audits.....	Annual_Audits	12,000
	Sub-total		**12,000**
4.1	**Highway 3/95**		
	1) Climbing lanes and realignment of sections of Hwy3/95 & widening Peavine Bridge deck	254MJ0206	3,777,414
	2) Environmental services	31648_Environmental	22,571
	3) Utilities & signage.....	31648_Utilities	8,962
	4) CPR Flagging.....	31648_CPR_Flagging	59,265
	5) Environmental Services.....	31468_Env_Mtt	125,461
	Sub-total		**3,993,673**

CANADA/BRITISH COLUMBIA
STRATEGIC HIGHWAY INFRASTRUCTURE PROGRAM

Schedule of Detailed Expenditure Claims
For the Year Ended March 31, 2004

5.1	**South Peace Hill**		
	1) Realignment & upgrade of section of Highway 97	354MJ0257	11,178,803
	2) Archaeological Overview Assessment	41161-1_Env	-
	3) Archaeological Investigation	41161-2_Env	-
	4) Dust Control	41161_Dust Control	2,115
	5) Geotechnical equipment	41161_Geotech_Equip	50,859
	6) Utilities	Util_41161	-
	Sub-total		**11,231,777**
5.2	**Cottonwood River Bridge**		
	1) Realignment of bridge & road for the Cottonwood River Bridge	354MJ0252	2,523,833
	2) Utilities & signage	41232_Util_Cottonwood	-
	3) Environmental services	41232_Env_Cottonwood	19,764
	Sub-total		**2,543,597**
6.1	**Blackwater/Shanley Passing Lanes**		
	1) Upgrade 4.3km section of Highway 16	354MJ0366	-
	2) Utilities & signage	41377_Util_B/S P/L	-
	Sub-total		-
7.1	**Environmental Assessment Costs**		
	1) Environmental Consulting	Env_SHIP	-
	Sub-total		
8.1	**Preacher Hill Curves**		
	1) Design & construct the realignment of 1.6km of Hwy 5N to a 100km/h standard	254MJ0375	749,913
	2) Utilities & signage	20210 Util Preacher	4,086
	Sub-total		**753,999**
	TOTAL		**$46,077,349**

Approved by:

Svein Haugen
A/Executive Director
Program Development and Monitoring

Sheila Taylor
Executive Director and Ministry's EFO
Finance and Administration

CANADA/BRITISH COLUMBIA
STRATEGIC HIGHWAY INFRASTRUCTURE PROGRAM

Notes to the Schedule of Detailed Expenditure Claims
For the Year Ended March 31, 2003

1. Purpose of this Statement

The Schedule of Detailed Expenditure Claims and accompanying notes has been prepared to disclose eligible costs incurred under the Strategic Highway Improvement Program Agreement between Canada and the Province of British Columbia signed on March 5, 2002. This Program facilitates the construction of highway trade route infrastructure in British Columbia through a 50/50 cost sharing arrangement for eligible costs.

2. Eligible Costs

The Agreement specifies "Eligible Costs" in Schedule C, at paragraph C.1.2, as "*all direct costs properly and reasonably incurred and paid solely and specifically by British Columbia, which have been invoiced against a contract for goods and/or services necessary for the due implementation of a Project approved under this agreement, including:*

(a) the capital costs of constructing, rehabilitating or improving a highway;

(b) environmental assessment and screening costs;

(c) signing, lighting, highway markings and utility adjustments that in the opinion of the Management Committee have been reasonably and properly incurred and paid by British Columbia for the implementation of the Project;

(d) communication costs as specified in Schedule E, that are approved in advance by the Management Committee;

(e) all costs specified in subsections 10.1 and 10.2 that are approved in advance by the Management Committee; and

(f) audit costs as specified in Schedule D, that are approved in advance by the Management Committee."

3. Basis of Accounting and Accounting Policies

The Schedule of Detailed Expenditure Claims has been prepared in accordance with Canadian generally accepted accounting principles for senior government. Expenditures are recorded at cost on an accrual basis. Costs included are net of any recoveries and net of GST.